

## If You Suspect A Scam, Contact:

**Arizona Attorney General's Office  
Consumer Information & Complaints**  
602.542.5763 (Phoenix)  
520.628.6504 (Tucson)  
800.352.8431 (Outside the Phoenix or  
Tucson metro area)  
[www.azag.gov](http://www.azag.gov)

**Arizona Department of Financial Institutions**  
602.771.2800  
[www.azdfi.gov](http://www.azdfi.gov)

**Federal Trade Commission**  
or call toll-free, 1.877.FTC.HELP  
(1.877.382.4357)  
[www.ftc.gov](http://www.ftc.gov)

**Better Business Bureau**  
1.877.291.6222  
[www.bbb.org](http://www.bbb.org)

## More information on rescue scams and the ways to protect yourself can be found at:

**The Arizona Attorney General's office at**  
[www.azag.gov](http://www.azag.gov)

**Don't Borrow Trouble – Pima County**  
[www.dbtaz.org](http://www.dbtaz.org)

**Arizona Foreclosure Prevention Task Force**  
[www.arizonaforeclosuretaskforce.com](http://www.arizonaforeclosuretaskforce.com)

## To speak to a free local HUD certified counselor:

**Arizona Foreclosure Prevention Help-Line**  
1.877.448.1211  
or go to: [www.hud.gov/arizona](http://www.hud.gov/arizona)



ARIZONA ATTORNEY GENERAL  
**Fraud Fighters**  
PROTECTING ARIZONA CONSUMERS

**Arizona Attorney General  
Tom Horne**

Educating • Protecting • Empowering  
Arizona Consumers

**Arizona  
Attorney General's  
Office**

1275 West  
Washington Street  
Phoenix, Arizona 85007  
602.542.5025

400 West Congress  
South Building  
Suite 315  
Tucson, Arizona 85701  
520.628.6504

Outside the Phoenix or  
Tucson Metro area:  
800.352.8431

[www.azag.gov](http://www.azag.gov)

## Avoiding Loan Modification and Foreclosure Scams

## Don't Be A Victim!

The possibility of losing your home can leave you feeling not only frightened, but it can also make you vulnerable to predatory scams. You need to be informed about your rights and learn ways to protect yourself.

If you don't take measures to protect yourself from predatory loan modification scams, your credit history, personal finances and your home's equity can all be seriously endangered.

This booklet is designed to help you understand, in simple terms, some of the things you need to watch out for. Predators are always on the move, coming up with new schemes designed to look helpful, but that are actually a rip-off. Some of these ploys are designed to mimic official-looking documents and quite often they will ask for upfront fees or other tests of "good faith." You should not fall prey to these methods.

I urge you to take a few moments and learn more about the dangers of loan modification and foreclosure scams. Keeping yourself alert and well-informed are the first steps to protecting yourself and your family.

Tom Horne  
Arizona Attorney General

## Red Flags

If you're looking for foreclosure prevention help, beware of any business that:

- guarantees to stop the foreclosure process – no matter what your circumstances.
- offers to make your loan more affordable and help you avoid foreclosure.
- instructs you not to contact your lender, lawyer, or credit or housing counselor.
- collects a fee before providing you with any services.
- accepts payment only by cashier's check or wire transfer.
- encourages you to lease your home so you can buy it back over time.
- tells you to make your mortgage payments directly to it, rather than your lender.
- tells you to transfer your property deed or title to it.
- offers to buy your house for cash at a fixed price that is not set by the housing market at the time of sale.
- offers to fill out paperwork for you.
- pressures you to sign paperwork you haven't had a chance to read thoroughly or that you don't understand.



### How Scams Work

Foreclosure “rescue” firms and loan modification companies are plentiful these days. Some companies are only interested in making a quick profit and they will use half truths and outright lies to sell services that promise relief, and often fail to deliver.

Potential victims are easy to find. Foreclosure “rescue” professionals use a variety of tactics to find homeowners in distress from foreclosure postings in the newspaper and on the Internet or through public files at local government offices. Other approaches include ads on the Internet, television, the newspaper or posters on telephone poles and bus stops. They sometimes also send out personalized letters to homeowners and post signs in the neighborhood.

The scam artists use simple and straight-forward messages, like:

- “Stop Foreclosure Now!”**
- “We guarantee to stop your foreclosure.”**
- “Keep your Home. We know your home is scheduled to be sold. No Problem!”**
- “We have special relationships within many banks that will speed up case approvals.”**
- “We Can Save Your Home. Guaranteed. Free Consultation.”**
- “We stop foreclosures everyday. Our team of professionals can stop yours this week!”**

In reality, these “rescue” companies most often do not deliver and cannot guarantee that you will be helped. They should be avoided. They encourage the homeowner to stop working with their lender, servicer, and housing counseling agency, and mislead the homeowner into thinking that they will take care of everything.

If you suspect a scam, contact the Arizona Attorney General’s Office.

### Common Foreclosure Scams:

#### Phony Counseling or Phantom Help

The “rescuer” tells the borrower that he can negotiate a deal with the servicer to save the house if the borrower pays a fee first. Once the fee is paid, the rescuer takes the money and then provides little or no assistance.

#### Lease or Buy-Back

Homeowners are deceived into signing over the deed to their home to a scam artist who tells them they will be able to remain in the house as a renter and eventually buy it back. Usually, the terms of this scheme are so demanding that the buy-back becomes impossible, the homeowner gets evicted, and the “rescuer” walks off with most or all of the equity.

#### Bait and Switch

Homeowners believe they are signing documents for a new loan to make the mortgage current, but sign away their home and are left holding the mortgage on a home they no longer own.

#### Refinance Fraud

Beware of people posing as mortgage brokers or lenders and offering to refinance your loan so you can afford the payments. Con artists may trick you into signing over the ownership of your home by saying that you are signing documents for a new loan.

#### Bankruptcy Foreclosure

There are several scam attempts to abuse the bankruptcy laws. The bankruptcy process can be complicated and expensive and the results can have a negative effect on your credit for years to come. For example, the “rescuer” may promise to negotiate with the lender or get a refinancing on your behalf for an upfront fee. Instead, the scam artist takes the fee and files a bankruptcy case in your name—sometimes without your knowledge.

#### Equity Stripping

A buyer purchases the home for the amount of the late payments and flips the home for a quick profit.

### How To Protect Yourself From Scams

- DON’T pay money to people who promise to work with your lender to modify your loan. Instead, contact the Arizona Foreclosure Prevention Helpline (1.877.448.1211) for a referral to a HUD-certified counselor and receive free help.
- DO call your lender yourself. Your lender wants to hear from you and would likely be more willing to work with you than a foreclosure consultant.
- DON’T transfer or sign over the deed to your home as part of a foreclosure avoidance transaction. A deed should be signed over only if you intend to sell the home for a fair price.
- DON’T pay your mortgage payments to someone other than your lender or loan servicer, even if he/she promises to pass the payment on.
- DON’T sign any documents without reading and understanding them first, or contracts and documents that have blank spaces. Many homeowners think they are signing documents for a new loan to pay off their mortgage and they discover they have actually transferred ownership to the “rescuer.”
- DO consult an attorney, financial advisor or knowledgeable family member before signing any “rescue documents.”
- DO contact a housing counselor approved by the U.S. Dept. of Housing & Urban Development (HUD), who may be able to help you for free. For a referral to a housing counselor near you, call the Arizona Foreclosure Prevention Helpline (1.877.448.1211) or go to [www.hud.gov/arizona](http://www.hud.gov/arizona).
- If it sounds too good to be true, it probably is. Trust your instincts and seek help. Reporting suspicious schemes helps prevent others from becoming victims.